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1995 Feature Article - Training Australia's Workers

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INTRODUCTION

The aim of this article is to provide an insight into the time and monetary costs of training activity in Australia, and reasons for training. Information collected from three training surveys conducted by the ABS in 1993 and 1994 has been drawn together to compare the cost of formal training from both the employer and employee perspective. The reasons for employers providing training and their demand for qualified employees are also examined.

BACKGROUND

Prior to 1990, there was no formal requirement for Australian employers to provide any form of training for the employees. In 1990, the Training Guarantee legislation was introduced; all employers above certain annual payroll threshold were required to provide at least a minimum effort of training. In 1990-92, the threshold was \$200,000; employers whose annual payrolls exceeded that amount were required to spend the equivalent of one per cent of the payroll on training their employees. This threshold was raised in 1993 to \$226,000 and the training requirement was 1.5 per cent. In July 1994, the Commonwealth Government suspended the Training Guarantee for a 2 year period.

The ABS conducted three training surveys in 1993 and 1994. In 1993, the Survey of Training and Education (STE), a household survey, collected details about 24,500 persons aged 15 to 64 years, in the labour force or with some marginal attachment to the labour force regarding work history, recent study for an educational qualification, and training courses attended. Socio-demographic information was also collected.

The training Expenditure Survey (TES) was a survey of employers, conducted for July to September of 1993. Information was collected from approximately 6000 employers. The TES provided details of their expenditure on formal training (training activities that have a structured plan and format designed to develop employment skills and competencies are considered to be formal training). Another employer survey, the Training Practices Survey (TPS), conducted in 1994, examined more closely the effects of the provision of training and how training is planned. The sample of employers for this survey, was the same as that for the TES.

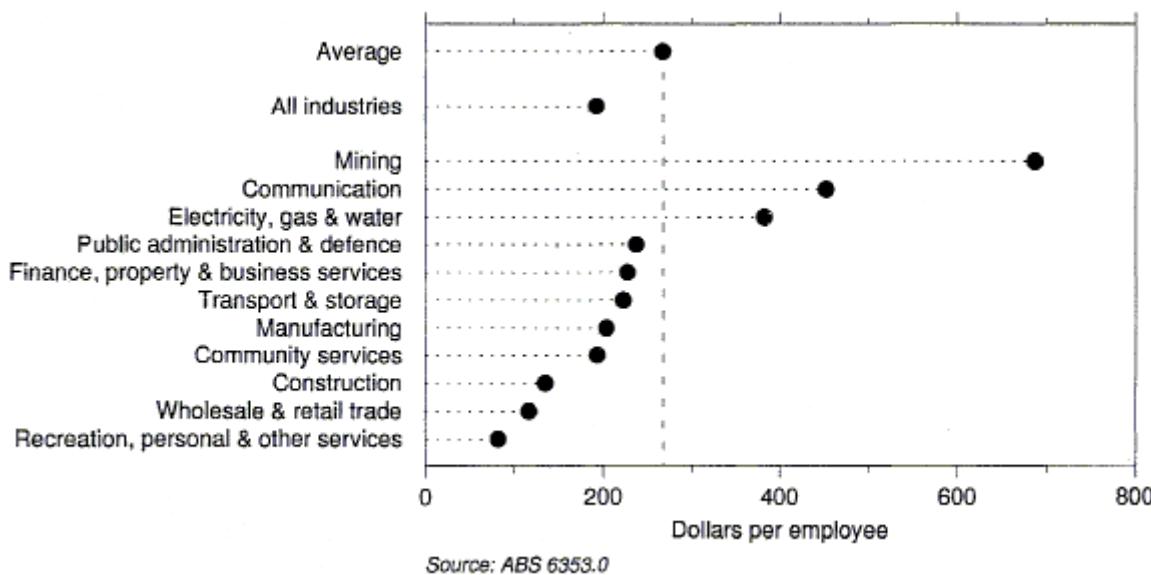
THE COST OF TRAINING

Training expenditure of employers

The TES showed that during the September quarter 1993, Australian employers spent a total of \$1.1 billion on formal training. The cost of employers of providing formal training to their

employees in the period was \$192 per employee. However, the level of training expenditure varied greatly between industries. for instance, Mining had the highest average training expenditure (\$687 per employee) while Recreation, personal and other services had the lowest expenditure (\$82 per employee) (Graph 1).

GRAPH 1. AVERAGE TRAINING EXPENDITURE: INDUSTRY, AUSTRALIA, JULY TO SEPTEMBER 1993



The cost to employers of providing formal training was dissected into several components. The largest component of training expenditure was in the provision of wages and salaries to employees for the time that they spent receiving training (Table 1). Almost half of an employer's total training expenditure per employee (\$88) during July to September 1993. was spent in this way.

TABLE 1. COMPOSITION OF TRAINING EXPENDITURE: SECTOR, JULY TO SEPTEMBER 1993

Components of expenditure	Dollars per employee		
	Private	Public	Total
Employees' wages and salaries for time receiving training	74.6	120.9	88.3
Cost of trainers to employers Consisting of:	64.0	112.0	78.2
Wages and salaries for time providing training	31.6	77.0	45.0
Fees paid to consultants and institutions	32.4	35.1	33.2
Other expenditure (a)	23.9	30.4	25.8
Total training expenditure	162.6	263.3	192.3

(a) Other expenditure includes equipment, travel, accommodation and meals, training rooms, payments to industry training bodies, materials, books, computer based training packages, printing, etc.

Source: cat. no. 6353.0.

Another significant component of employer training expenditure is the cost of trainers. The private sector spent the same amount on the wages and salaries of its own trainers, as on the fees paid to consultants and institutions (\$32 per employee). Within the public sector, however, more than double the amount was spent on the wages and salaries of its own trainers than on the fees paid to consultants and institutions (\$77 compared to \$35 per employee).

Other components of expenditure by employers to enable them to provide training to their employees include: training equipment and materials, travel, accommodation and meals, the cost of training rooms, and payments made to industry training bodies. An average of \$26 per employee was spent on such items.

The time spent training employees

The cost of training can also be measured in terms of the time that employees are removed from their normal duties to undertake training courses. The TES indicates that the average time spent in training per employee was 5.6 hours in the September quarter 1993 (Table 2). Public sector employees however, received more formal training than private sector employees (6.8 hours compared to 5 hours per employee).

TABLE 2. AVERAGE PAID TRAINING TIME: FIELDS OF TRAINING BY SECTOR, JULY TO SEPTEMBER 1993

Fields of training	Hours by employee (b)		
	Private	Public	Total
Induction	0.39	0.25	0.35
General supervision	0.30	0.30	0.30
General computing	0.46	0.65	0.52
Health & safety	0.28	0.50	0.34
Management & professional	0.71	1.44	0.93
Technical & para-professional	0.29	1.33	0.59
Trade & apprenticeship	1.29	0.53	1.07
Clerical, sales	0.69	0.73	0.70
Plant & machinery	0.43	0.25	0.38
Other	0.20	0.81	0.38
Total	5.03	6.80	5.55

(a) Formal training was classified according to the main content of the course or program. (b) The total time receiving formal training averaged over the total number of employees.

Source: cat. no. 6353.0.

The field of training in which employees spend most time receiving training was Trade and apprenticeships (1.1 hours per employee), closely followed by Management and professional training (0.9 hours). These fields were particularly dominant in the private sector. In the public sector, however, employees spent the most time receiving training in Management and professional and Technical and para-professional fields.

The employee's perspective

Results from the 1993 Survey of Training and Education show that of 7,078,700 wage or salary earners, 86 per cent undertook some form of training or studied for an educational qualification during the previous 12 months. Forty-seven per cent of wage and salary earners participated in formal training (including study). A greater proportion of wage or salary earners in the public sector undertook formal training than those in the private sector (61 per cent compared to 42 per cent). The proportion of employees undertaking formal training increased as the number of employees within the organisation increased.

Employer support for training courses and study

One half (3,514,500) of all persons who had a wage or salary job with a main period employer(footnote 1) during 1993, undertook some study or training. A greater proportion of full-time than part-time employees undertook study or a training course in 1993 (51 per cent compared to 47 per cent) (Table 3).

**TABLE 3. PERSONS WHO HAD A WAGE OR SALARY JOB IN THE LAST 12 MONTHS:
SUMMARY OF EMPLOYER SUPPORT FOR STUDY AND TRAINING COURSES
UNDERTAKEN, WHETHER FULL-TIME OR PART-TIME WITH MAIN PERIOD EMPLOYER,
AUSTRALIA, 1993**

Summary of employer support for training (a)	Labour Force Status			Total ('000)
	Full-time (%)	Part-time (%)	Total (%)	
All study or training courses undertaken	50.7	46.7	49.6	3514.5
Some were employer supported	42.7	22.7	37.4	2,648.2
In-house course	35.5	19.7	31.3	2,214.2
External course	8.9	2.6	7.3	513.7
Some were not employer supported	13.0	28.8	17.2	1,217.5
External course (b)	4.5	6.3	5.0	351.6
No study or training courses undertaken	49.3	53.3	50.4	3,564.2
Total	100.0	100.0	100.0	7,078.7
		'000		
Total	5,197.8	1,880.9	7,078.7	7,078.7

(a) Multi-response categories collected. (b) Includes persons who attended external training courses while working that were not employer supported and persons who attended external training courses while not working. Source: cat. no. 6278.0.

Seventy-five per cent of persons who undertook study or training courses in 1993, participated in some courses that were employer supported, and 35 per cent participated in some courses that were not employer supported. A greater proportion of persons received employer support for courses that were conducted in-house (31 per cent), than for courses conducted externally (7 per cent). Full-time employees were more successful in gaining employer support for training courses undertaken (43 per cent) than part-time employees (23 per cent).

The time employees spent in training courses

Most training was completed in less than 20 hours. For example, the 1993 Survey of Training and Education reveals that 77 per cent of workers who undertook Health and safety training attended for a total of less than 20 hours. The training that most often was completed in 40 hours or more was Management and professional training.

The field of training most frequently attended was Management and professional courses, with 983,800 persons attending, of the total 2,542,300 that attended a training course (Table 4). The next most frequently attended training courses were Technical and para-professional, closely followed by General computing and Sales and personal service courses.

TABLE 4. PERSONS WITH A WAGE OR SALARY JOB IN THE LAST 12 MONTHS: TOTAL COURSE HOURS BY FIELD OF TRAINING

Field of training	Total course hours						
	1-19 hrs	20-39 hrs	40+ hrs	1-19 hrs	20-39 hrs	40+ hrs	Total
	'000				per cent	'000	
Management and professional	423.0	264.0	296.8	42.9	26.8	30.1	983.9
Technical & para-professional	261.1	104.7	99.5	56.0	22.5	21.3	465.5
Trade	112.1	44.4	61.9	51.3	20.3	28.3	218.4
Craft	15.8	*3.7	*4.6	65.4	*15.2	*19.2	24.2
Clerical or office	138.9	36.5	36.9	65.3	17.2	17.3	212.4
Sales and personal service	272.7	73.7	77.2	64.3	17.4	18.2	423.8
Transport and machinery operation	56.5	12.6	19.8	63.5	14.1	22.2	89.0
Labouring and related	41.3	9.2	9.3	68.9	15.4	15.6	59.9
Induction	80.4	16.8	24.1	66.2	13.8	19.9	121.4
General supervision	81.4	29.2	29.9	57.9	20.7	21.2	140.6
General computing	265.2	99.1	74.2	60.4	22.6	16.9	438.6
Health and safety	258.6	53.3	25.2	76.6	15.8	7.4	337.3
Music and arts	12.5	*5.8	*3.6	56.8	*26.5	*16.6	22.1
Other (a)	225.4	69.9	65.7	62.4	19.3	18.2	361.1
Total	982.9	634.1	925.3	38.6	24.9	36.3	2,542.4

* Estimate is subject to high sampling variability and should be used with caution. (a) Includes English language, Literacy and Numeracy as well as 'Other' training courses. Source: cat. no. 6278.0.

REASONS FOR TRAINING EMPLOYEES

The Training Practices Survey 1994 gives an insight into the reasons why Australian employers have undertaken to provide training for their employees. The question in the survey that provided this information allowed employers to nominate more than one reason for providing training. Of employers who provided some training in the 12 month period ending February 1994, improved work performance was reported most frequently (80 per cent of employers) as a reason for doing so (Table 5). Thirty per cent of employers stated that meeting the Training Guarantee requirements was a reason for providing training.

**TABLE 5. EMPLOYERS REPORTING TRAINING: REASONS FOR TRAINING EMPLOYEES
(a) DURING THE LAST 12 MONTHS - INDUSTRY, FEBRUARY 1994**

Industry	Improve work performance	Enable movement to other positions within organisation (b)	Multi-skill employees	Meet Training Guarantee requirements
per cent of employers				
Mining	67.7	40.3	63.9	*29.0
Manufacturing	78.8	52.8	40.0	36.7
Electricity, gas and water	93.6	39.1	*59.0	72.7
Construction	66.3	38.1	26.1	24.1
Wholesale and retail trade	83.8	31.0	31.6	27.0
Transport and storage	76.2	41.3	36.2	35.9
Communication	93.6	51.3	57.8	30.7
Finance, property and business services	76.4	40.4	57.0	24.5
Public administration and defence	92.3	65.3	78.3	47.5
Community services	86.5	41.9	37.8	27.4
Recreation, personal and other services	78.5	43.6	41.8	33.4
Total	79.8	40.6	39.9	29.5

* Estimate is subject to high sampling variability and should be used with caution.

(a) Employers may have more than one reason for training employees.

(b) Includes employees being trained to move to more highly skilled or responsible positions within the organisation or to fill identified vacant positions from within the organisation.

Source: cat. no. 6356.0.

The frequency of reasons varied across industries. For example, 94 per cent of employers in the Electricity, 'gas and water and Communication industries cited improved work performance, compared to 66 per cent of employers in the Construction industry. A far greater proportion of employers in Electricity, gas and water (73 per cent) than in any other industry cited meeting the requirements of the Training Guarantee legislation.

Another important reason for training employees, reported by at least half the employers in five industries, was multi-skilling. This means that training offered by employers was to enable an employee to perform more than one job. More employers in the Public administration and defence industry (78 per cent) cited multi-skilling than any other industry, while in the Construction industry, while in the Construction industry, only 26 per cent of employers cited this as a reason for providing training.

Overall, each of the reasons for employers training their employees during the 12 months, ending February 1994, as described in Table 5, was reported more frequently by public sector employers than private sector employers.

Educational qualifications as a requirement of job

Information about the level of educational qualification required to obtain a job, was collected in the 1993 STE.

Forty-eight per cent of the estimated 7,078,700 persons who had a wage or salary job in the last 12 months, held a post-school qualification(footnote 2). Over half of the persons who held a post school qualification reported that an educational qualification was necessary to obtain their job. Forty-four per cent of public sector employees required a qualification to obtain their job,

compared with 21 per cent of private sector employees.

The 1993 STE shows that most employers who required employees to have an educational qualification (92 per cent) required that qualification to be above the level of basic vocational qualification (footnote 3). The level of qualification most often required by the main period employer was a bachelor degree or higher (32 per cent). Skilled vocational qualifications were also in high demand by employers; 26 per cent of employees that reported some educational qualification was needed to obtain their job, reported that a skilled vocational qualification was needed (Table 6).

**TABLE 6. PERSONS WHO HAD A WAGE OR SALARY JOB IN THE LAST 12 MONTHS:
OCCUPATION AND LEVEL OF EDUCATIONAL QUALIFICATION REQUIRED TO OBTAIN
JOB, WITH MAIN PERIOD EMPLOYER, AUSTRALIA, 1993**

Occupation	Post-school qualifications obtained (a)						Total qualifications obtained (b)	No post- school qualifications obtained
	Bachelor degree or higher	Undergraduate or associate diploma	Skilled vocational diploma	Basic vocational qualifications	Total requiring qualification (c)	No qualifications required (b)		
Managers & administrators	15.5	7.0	4.7	1.7	31.1	28.2	59.3	40.7
Professionals	45.3	21.7	5.5	0.8	76.5	11.2	87.6	12.4
Para-professionals	12.4	26.7	9.9	4.2	58.5	17.7	76.2	23.8
Tradespersons	0.4	2.8	33.8	0.3	41.4	23.3	64.8	35.2
Clerks	2.2	2.1	1.7	5.4	14.6	31.7	36.2	63.8
Sales	1.0	1.6	1.9	3.9	10.4	22.9	33.3	66.7
Plant and machine operators	0.2	0.3	1.6	0.3	4.4	21.1	25.5	74.6
Labourers	0.0	0.6	0.8	0.3 ('000)	2.4	19.5	21.9	78.1
Total	626.2	461.0	501.3	158.2	1,937.9	1,443.1	13,381.1	3,697.67

(a) Only persons with post-school qualification were asked whether an educational qualification was required to obtain their main period employer. The level of educational qualification required need not be the same as their highest post school qualification obtained

(b) Includes persons who required other post school qualification persons who required a certificate that needed less than semester full time study (or equivalent) to complete and persons who required a secondary school certificate to obtain their main period employer.

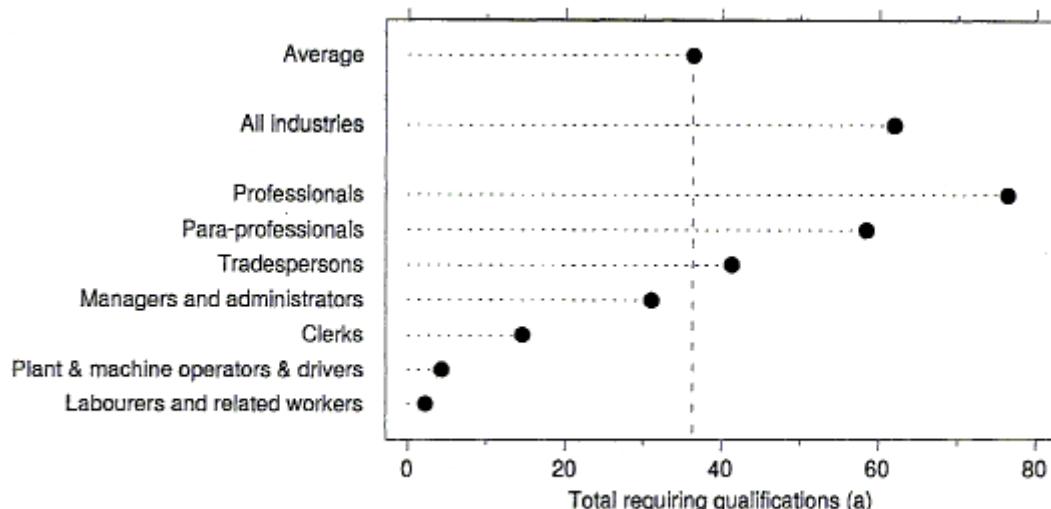
(c) Includes persons who did not know if an educational qualification was required.

Source: cat. no. 6278.0

The achievement of a post-school qualification varied across occupation groups. For instance the occupation with the greatest requirements for a qualification to obtain a job was Professionals (76 per cent), particularly at the Bachelor degree or higher levels. Fifty-nine per cent of persons employed as Para-professionals reported a qualification was required to obtain a job (Graph 2), however it was predominantly at the Undergraduate or associate diploma level. Only 31 per cent of Managers and administrators were required to hold a post-school qualification to obtain a job, half of which were at the Bachelor degree or higher level. Very few Labourers reported that a qualification was necessary to obtain a job.

GRAPH 2. PERSONS WHO HAD A WAGE OR SALARY JOB IN THE LAST 12 MONTHS:

**LEVEL OF QUALIFICATION REQUIRED TO OBTAIN JOB, WITH MAIN PERIOD EMPLOYER,
AUSTRALIA, 1993**
Per cent



(a) Includes persons who required other post-school qualification, persons who required a certificate that needed less than one semester full-time study (or equivalent) to complete and persons who required a secondary school certificate to obtain their job with their main period employer. Source: ABS 6278.0.

SUMMARY

The above results reflect a commitment by Australian employers to improve the skills of their employees. In the September quarter 1993, employers spent on average \$192 per employee in the provision of training. Primarily employers sought to increase the work performance of employees. However, training provided to enable employees to become multi-skilled and more portable within their organisation, were also significant.

A greater proportion of wage and salary earners undertook formal training in 1993, than informal training. Employees who participated in formal training (including study for an educational qualification), were more likely to have been employed full-time and employed in the public sector. Most employees spent less than 20 hours in training courses, particularly in the fields of Management and professional training.

The Surveys of Training Expenditure, Training Practices and Training and Education have enabled a clearer picture of how money and time is spent on training. Together these surveys have yielded much information about many aspects of training in Australia.

This feature article was contributed by Karen Collins and Michelle Law, ABS

Footnotes

(1) The employer for whom the respondent worked the most weeks for wages or salary during the last 12 months. The main period employer need not be an employee's current employer. < Back

(2) A level of educational attainment completed since leaving school and recognised as one of the 7 levels of qualification under the ABS Classification of Qualifications (ABSCQ). < Back

(3) Entry to basic vocational training often requires Year 10 completion, but some courses have no formal entry requirements. The duration of study ranges from one semester to one year of full-time study or equivalent. Courses provide individuals with the practical skills and background

knowledge necessary for employment at the operative level in many different fields. < Back

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Further Information and Consultation

The ABS can provide more detailed, unpublished data on request. Please contact The Director, Education and Training Surveys on (02) 6252 7127.

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